

MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE

**February 17, 2004 at 4:00 P.M.
Room 303, State Capitol Building**

Members Present: Sen. Leonard Blackham, Committee Co-Chair
Rep. Ron Bigelow, Committee Co-Chair
Sen. Ron Allen
Sen. Gene Davis
Sen. Mike Dmitrich
Sen. Karen Hale
Sen. Peter Knudson
Pres. Al Mansell
Sen. Michael Waddoups
Sen. John Valentine
Rep. Jeff Alexander
Rep. Greg Curtis
Rep. Brent Goodfellow
Rep. Patricia Jones
Rep. Brad King
Rep. Karen Morgan
Speaker Martin Stephens
Rep. Michael Styler

Sen. Bill Hickman, Vice-Chair
Rep. Rebecca Lockhart, Vice Chair

Staff Present: John Massey, Legislative Fiscal Analyst
Michael Kjar, Deputy Director
Jon Ball, Fiscal Analyst
Sharon Johnson, Secretary

List of Others Present on File:

Committee Co-Chair Bigelow called the meeting to order at 4:30 p.m. Rep Bigelow announced that the meeting scheduled for Wed., Feb. 19, would be held on Thurs., Feb. 20 at 4:30.

1. Commerce and Revenue Subcommittee Report

Sen. Carlene Walker presented the subcommittee's priorities to the committee. The first priority for Applied Technology Education is to recommend that UCAT growth be funded at the same level as public and higher education growth. The FY 2005 base budget for UCAT is the same as FY 2004. Other recommendations include consolidating campuses and having a central information system.

Rep. Chad Bennion then addressed the subcommittee's other priorities which are currently unfunded items. The list includes: HIPUtah Funding; rent on the Davis County Motor Vehicle office; maintaining auditors and collectors in the Tax Commission; ERep for Medicaid and Food Stamp; Food Stamp Administration; General Assistance Funding and Industrial Accidents Funding. Additionally the subcommittee lists a recommendation behind Tab 3 in Alcoholic Beverage Control for two new FTE's and a bond payment for construction.

The committee then had questions for the subcommittee chairs. Rep. Goodfellow asked about tuition tiers in Higher Education and if this is happening in UCAT. Rep. Bennion replied that it will not at this time. Rep. Goodfellow also asked about funding for Rehab and Workforce Services Students and how to maximize federal funds. Sen. Waddoups then addressed pages 18 and 19 of the buff fee summary. He had concerns about the cost increases and requested specific information regarding which fees were increased and by how much. He requested that the subcommittee chairs point out the areas with a significant fee increase. Rep. Bennion responded to Sen. Waddoups questions. Sen. Allen also commented on complaints for online fees that he has received because they are only shown at the end of the process and users are not aware of them.

Motion: Sen. Blackham moved to reduce the appropriation to Workforce Services by \$179,200 from the General Fund. This is to correct an error in the Analyst's recommendation. I move to adopt the committee report and approve the recommendations of the Commerce and Revenue Appropriations Subcommittee as amended for appropriations, fees and other schedules for FY 2004 supplemental appropriations and FY 2005 appropriations, along with funding and expenditure schedules and other recommendations for all departments, agencies and programs as described in the Committee Report found behind Tab 3.

Sen. Waddoups spoke to the motion and requested an explanation of Line 674, page 24 of the Rate and Fees Change Summary as well as Lines 751-759 on page 27. Sen. Waddoups requested a division of the motion to adopt fees separately.

Amended Motion: Sen. Blackham amended the motion to remove fees and intent language. Sen. Hickman asked how much revenue will be generated with the fee changes and Sen. Walker responded that for Commerce it would be over \$200,000.

The amended motion passed unanimously with Pres. Mansell and Sen. Valentine absent for the vote.

2. Revenue Estimates

Motion: Sen. Blackham moved to adopt the revenue estimates dated Feb, 17, 2004. Rep. Goodfellow asked for a clarification of the motion. Sen. Blackham explained the revenue estimates are on lines 1-21 and the one-time funds will be part of a separate motion.

The motion passed unanimously with Pres. Mansell and Sen. Valentine absent for the vote.

Motion: Sen. Blackham moved to authorize the use of one time funds listed on lines 24-30 of the handout. Rep. Goodfellow requested clarification on lines 27 and 28 and Mr. Massey replied.

The motion passed unanimously with Pres. Mansell, Sen. Valentine, Reps. Jones and Styler absent for the vote.

3. Economic Development and Human Resources

Sen. Jenkins informed the committee that their subcommittee had met their target. The committee is

requesting an appropriation for the Industrial Assistance Fund. He also mentioned items on the priority list which are on-going items such as the Manufacturer's Extension Partnership; Career Service Review Board, the Emergency Food Network and Humanities Council. Rep. Allen then listed the requests for one-time funding: Defense Alliance funding, Zoo's Planning Money, Utah Technology Alliance, Olene Walker Housing Loan Fund, Pamela Atkinson Homeless Trust Fund, Centers for Excellence, Museum Grants, and Pacific Islander Training Program. The subcommittee also approved the fund for Section 8 housing and dedicated credits for the bookmobile, braille contract, emergency food, and volunteer training and services. An items not on list that the subcommittee advised is additional funding for the Travel Council. The subcommittee discussed it but had no quorum and there is a Senate bill that provides permanent funding. The subcommittee feels that it is an important bill but did not prioritize that item as the funding goes through the bill. Rep Bigelow commented that the ongoing and one-time money are mixed together on the list. Rep. Curtis asked about the zoo planning and money from ZAP funds. Sen Jenkins stated that the requested planning money is half of the estimate that is needed and the zoo is raising donations for the other half.

Motion: Sen. Blackham moved to adopt the committee report and approve the recommendations of the Economic Development/Human Resources Appropriations Subcommittee for appropriations, and other schedules for FY 2004 supplemental appropriations and FY 2005 appropriations, along with funding and expenditure schedules and other recommendations for all departments, agencies and programs as described in the Committee Report found behind Tab 4.

The motion passed unanimously with Pres. Mansell, Speaker Stephens, Reps. Curtis and Jones absent for the vote.

4. Capital Facilities and Administrative Services

en. Evans and Rep. Pace presented their budget. Rep. Pace reported on Administrative Services and how they have shifted funds within the department to meet their needs. The main item in Capital Facilities is the Debt Service Increase. She commented on the needed funding for financial system used by all state departments. They have transferred funding from capital development to capital improvement in order to get the level of funding needed to maintain facilities. The subcommittee found one time money for two of their priorities which are Rules Administration and the LeRay McAllister fund. There were no funds for Debt Service as no cash was available and are requesting four million for Debt Service and 2.5 million from the General Fund for DFCM. It has been funded through reserves and they are concerned about the unstable funding source.

Motion: Sen. Blackham moved with approval of the Subcommittee Chairs, I move the following corrections to the Capital Facilities and Administrative Services Subcommittee Report:

- ▶ To correct a data entry error, change *phone tech labor cable rate (per hour) for outside contractors to mainframe development consulting*. (page 7, fee #130)
- ▶ To correct a data entry error, change the fee for UDOT Liability Insurance from \$196,200 to \$1,962,000 in the Risk Management Fee Section. (page 14, fee #366)
- ▶ To correct a data entry error, move \$37,400 listed as "beginning balance" to "transfers." (page 21)
- ▶ To ensure compliance with statute, at the recommendation of staff and in agreement with DAS, strike intent language statement #10 on page 2

Rep. Curtis asked for a clarification on the Centennial Highway fund numbers and was told that it is included in debt service. The motion passed unanimously with Pres. Mansell, Sen. Davis, Speaker Stephens, Reps. Jones and King absent for the vote.

Motion: Sen. Blackham moved to adopt the committee report and approve the recommendations of the Capital Facilities and Administrative Services Appropriations Subcommittee for appropriations, and other schedules for FY 2004 supplemental appropriations and FY 2005 appropriations, along with funding and expenditure schedules and other recommendations for all departments, agencies and programs as described in the Committee Report found behind Tab 2 as amended by the previous motion.

The motion passed unanimously with Pres. Mansell, Sen. Davis, Speaker Stephens, Reps. Jones and King absent for the vote.

5. Public Education

Rep. Snow and Sen Stephenson came before the committee. Rep. Snow began with the base budget and the subcommittee approved increases in Board and Voted Leeways as it has been neglected in previous years. The priority list includes enrollment growth and the local replacement funding due to the growth of charter schools. Other subcommittee action is to provide supplemental funding for the Electronic High School as enrollment has increased and recommends five million in non-lapsing funds to cover teacher supplies. They also voted to fund statutory salary adjustment for teachers at the Schools of the Deaf and Blind. The subcommittee transferred non-lapsing funds from the USDB to Jean Massieu Charter School with intent language that the two entities work together. Another recommendation was to discontinue funding for science and math teacher recruitment in the Minimum School Program. Legislative Research and General Counsel advised the subcommittee that there cannot be individual line items for private contracts in the Fine Arts and Sciences Program. The Line Item was collapsed into three programs without detailing which organizations would receive funding.

Rep. Alexander asked about matching funds programs and was told that it is the POPS program. Sen. Waddoups commented that the priority list needs clarification as the numbers didn't match. Clarification was provided that the figures in question were net figures and if the components were added together they would match.

Motion: Sen. Blackham moved to adopt the committee report and approve the recommendations of the Public Education Appropriations Subcommittee for appropriations, and other schedules for FY 2004 supplemental appropriations and FY 2005 appropriations, along with funding and expenditure schedules and other recommendations for all departments, agencies and programs as described in the Committee Report found behind Tab 9.

The motion passed unanimously with Sen. Valentine, Speaker Stephens and Rep. Jones absent for the vote.

6. Higher Education

Sen. Gladwell told the committee that Higher Education was not funded for growth. The subcommittee has unfunded growth and is using the same resources to provide for more students. They carried forward the base budget for FY 2004 to FY 2005 and have made reallocations to correct errors and bring

conformity. The subcommittee's major concerns are with basic services and infrastructure, the ongoing carryover for fuel, power, and O and M. If there continues to be unfunded balances then staff will be reduced, as well as courses and departments eliminated. The subcommittee exercised its prerogative to allocate money within existing budgets, this enabled them to fully fund the carryover of fuel and power, O and M, and 1/3 of the unfunded growth. The subcommittee has made a new policy decision targeting remedial education. They determined that remedial education is not the task of Higher Education. The subcommittee addressed the overhead money taken from USU and the U of U and the need to replace it. They also looked at graduate tuition rates and have a \$3 million funding proposal for graduate tuition rates to go up to 84% based on the WICHE average. There is also a 2nd tier tuition increase, that 2nd tier is for the agreement between students and presidents to fund ongoing initiatives, not basic infrastructure. The subcommittee moved to reduce the Regents proposed 4.5% increase in the 1st tier by 1.5% percent to fund the compensation package for Higher Ed, as they determined it could be done with 3%. This reduction also eliminates .5% of the proposed increase of that was earmarked for financial aid.

The subcommittee's top priorities are for \$5 million to fund student enrollment growth; UEN, which is funded by one-time money and used by UCAT and Public Ed as well; Student Financial Aid; and the Climate Center. Additional requests are listed in the priority list distributed to the committee. Sen. Waddoups inquired about the impact of \$1 million for student advisors and counselors. Sen. Valentine asked about the control that institutions have to work within their own budget to determine how to pay for power, etc. Rep. Alexander looked at the intent language and asked if schools are being told how to spend 2nd tier. Sen. Gladwell and Rep. Alexander discussed how schools make their own choices. Sen. Hickman clarified that this flexible spending is not permanent and will be evaluated this year with an intention to review annually. Sen. Valentine requested that intent language be made clear for the subcommittee's final actions. Sen. Blackham stated that the Higher Education budget will not be adopted until Thursday. Sen. Allen expressed concern that reimbursed overhead will eventually lead to a problem and create confusion. An additional concern is that critical research may not be funded and lead to a loss in revenue. The committee decided to vote on the Higher Ed budget at the next meeting.

7. Health and Human Services

Rep. Seitz and Sen. Killpack brought forth their priority list. The base budget is basically the same as FY2004. Rep. Seitz stated that the subcommittee cannot fund what has been asked for by the Department of Health.

They listed their requests for additional funding for the Dept. of Health:

1. Medicaid Utilization/Caseload growth
2. Medicaid Inflation
3. Additional Medicaid Inflation reimbursement for specific providers
4. COLA for local health departments
5. Primary Care Grants
6. Restoring Medicaid Vision and Dental benefits
7. Continue funding for Breast and Cervical Cancer Program

Rep. Lockhart commented on the cancer program and funding from the tobacco money. Rep. Seitz explained that the cancer program and vaccines that had been taken from tobacco money needs to be reauthorized this year.

Sen. Killpack presented the Human Services budget. The base budget adopted FY 2004 numbers and listed the subcommittee's priority items for FY 05:

1. One-time funding in current year's budget of DSPD to be replaced with ongoing funds. Also the subcommittee recommended additional funds for the DD/MR Waiting List.
2. 4% COLA for staff of contract providers of DSPD and DCFS.
3. Funding of staff for Youth facility at the State Hospital-Rampton II.
4. Autism preschool program at the Pingree school to staff one additional classroom.
5. Senior services need additional money to serve more seniors with Meals on Wheels.

Sen. Killpack also mentioned other funding needs in DCFS including rental increases, funds for additional mental health evaluations and "eRep." The committee discussed local Mental health centers and the reduction federal dollars. Sen Davis asked about the percentage and actual cost increases for mental health and the COLA for local health departments.

Motion: Sen. Blackham moved to adopt the committee report and approve the recommendations of the Health and Human Services Appropriations Subcommittee for appropriations, and other schedules for FY 2004 supplemental appropriations and FY 2005 appropriations, along with funding and expenditure schedules and other recommendations for all departments, agencies and programs as described in the Committee Report found behind Tab 6 and Tab 7.

The motion passed unanimously with Pres. Mansell, Sen. Dmitrich, Speaker Stephens, Reps. Curtis and Jones absent for the vote.

Motion: Sen. Blackham moved to adjourn. The motion passed unanimously.
Meeting adjourned at 6:02 p.m.
Minutes reported by Sharon Johnson, Secretary.

Sen. Leonard Blackham, Co-Chair

Rep. Ron Bigelow, Co-Chair